

CAPITAL WORLD LIMITED
(Incorporated in the Cayman Islands)
(Company Registration No.: CT-276295)

PROPOSED VARIATION TO THE TERMS OF THE JOINT VENTURE BETWEEN ACHWELL PROPERTY SDN BHD (“APSB”), A WHOLLY-OWNED SUBSIDIARY OF GADANG HOLDINGS BERHAD (“GADANG”), AND CAPITAL CITY PROPERTY SDN BHD (“CCPSB”) (THE “PROPOSED VARIATION”)

1. INTRODUCTION / BACKGROUND

The board of directors (the “**Board**” or the “**Directors**”) of Capital World Limited (“**CWL**”, the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the joint venture agreement dated 26 December 2013 (the “**Joint Venture Agreement**”) entered between Capital City Property Sdn Bhd (“**CCPSB**”), a wholly-owned subsidiary of the Company (together with APSB, the “**Parties**”), with Achwell Property Sdn Bhd (“**APSB**”) for the development of eighty four (84) pieces of land situated in Bandar Johor Bahru, District of Johor Bahru, State of Johor which has since been amalgamated into a single title held under Geran 544822 lot 48975 Bandar Johor Bahru Daerah Johor Bahru Negeri Johor (the “**Said Land**”), for the Capital City project (the “**Project**”).

The Project comprises, *inter alia*:

- (i) a retail podium of 10 levels (inclusive of a lower ground level) of retail and car park floors measuring approximately 261,239 square metres (“**Retail Podium**”). The Retail Podium commenced business on 17 October 2018;
- (ii) three (3) tower blocks of office suites comprising 15 floors each, measuring in aggregate approximately 18,140 square metres per block (“**Office Suites Tower Blocks**”); and
- (iii) two (2) tower blocks of hotel suites comprising 15 floors each, measuring in aggregate approximately 23,548 square metres and 33,817 square metres respectively (“**Hotel Suites Tower Blocks**”)

Pursuant to the Joint Venture Agreement, the Parties have agreed to jointly develop the Said Land on the terms and conditions set out therein. The material terms of the Joint Venture Agreement have been disclosed to the Shareholders at, *inter alia*, Appendix G of the Company’s RTO Circular dated 29 March 2017. Further to the Joint Venture Agreement, the Parties have entered into supplemental agreements dated 13 March 2017, 31 October 2017, 7 February 2018 and 28 June 2018 (the “**Supplemental Agreements**”) setting out further terms governing the Project and the Parties’ rights, interests, duties and obligations under the Joint Venture Agreement. These included variation to components of the Project:

- (a) a 16-storey hotel suites tower comprising 315 units of hotel suites (“**Revised Hotel Suites Tower Block**”);
- (b) a 18-storey serviced suites tower comprising 630 units of serviced suites (“**Serviced Suites Tower Block**”); and
- (c) three (3) tower blocks of serviced apartments comprising 15 floors each with 690 units of serviced apartments in aggregate (“**Serviced Apartments Tower Blocks**”),

(together with the Retail Podium, collectively referred to as the “**Revised Project**”).

The Joint Venture Agreement, together with the Supplemental Agreements, are collectively referred to as the JVAs (the “**JVAs**”).

As at the date of this Announcement, CCPSB has commenced construction works for the Revised Hotel Suites Tower Block and the Serviced Suites Tower Block but not the Serviced Apartments Tower Blocks. However, due to the soft property market conditions in Johor Bahru, the completion of the construction works for the Revised Hotel Suites Tower Block, Serviced Suites Tower Block and Serviced Apartments Tower Blocks is expected to be delayed and completed beyond the original agreed completion date for the Project, which is 25 February 2020 (the “**Project Completion Date**”).

CCPSB’s intention is to raise additional financing to complete the construction of the remaining components of the Revised Project and to fund the operations of the Retail Podium, such that it can fulfil its obligations to APSB under the JVAs including the payment of the APSB Entitlement Sum (as defined herein). In this regard, CCPSB has requested APSB, the legal and beneficial owner of the Said Land, to transfer the ownership of the Said Land to CCPSB to enable it to raise financing for the Revised Project and the operations of the Retail Podium through a charge on the Said Land to a reputable financial institution (“**Financier**”).

To that end, CCPSB and APSB have on 29 March 2019 agreed to enter into the following agreements to effect the Proposed Variation:

- (a) a conditional settlement agreement to vary the terms of the Joint Venture Agreement and the Supplemental Agreements (“**Settlement Agreement**”);
- (b) a conditional put option agreement whereby CCPSB shall grant to APSB a put option to sell and require CCPSB to purchase from APSB the Identified Retail Units (as defined below) which remain unsold by APSB prior to the exercise of the said option (“**Remaining Units**”), during the Option Period (“**Put Option**”) (“**Put Option Agreement**”); and
- (c) a conditional call option agreement whereby APSB shall grant to CCPSB a call option to buy and require APSB to sell to CCPSB the Remaining Units during the Option Period (“**Call Option**”) (“**Call Option Agreement**”),

(collectively, the “**Agreements**”)

2. RATIONALE FOR AND BENEFITS OF THE PROPOSED VARIATION

CCPSB and APSB had originally entered into the JVAs to, among other things, unlock the value of the Said Land through the integrated development of the Project with an estimated GDV of RM1.80 billion. Pursuant to the JVAs, CCPSB is responsible for the overall development, construction, funding and completion of the Project including the securing of financing for the Project.

However, the property market in Malaysia has experienced a slowdown in the last few years. The slowdown, especially in Johor has affected the progress of the Project, with only the Retail Podium being completed as at the date of this Announcement. In view of the weak demand and oversupply of offices within the vicinity of the Said Land as well as the higher demand for serviced apartments as these are governed under the Housing Development (Control and Licensing) Act 1966 as opposed to office suites which are not deemed as residential units, CCPSB had on 28 June 2018, approached APSB and APSB had agreed to the variation to the remaining milestones (i.e. the Revised Project).

Under the JVAs, CCPSB is required to complete the construction of the Revised Project by the Project Completion Date, and CCPSB is required to pay APSB the full APSB Entitlement Sum within the same period. However, as at the date of this announcement, CCPSB has only completed the construction of the Retail Podium while the completion of the construction works

for the Revised Hotel Suites Tower Block, Serviced Suites Tower Block and Serviced Apartments Tower Blocks are expected to be delayed and completed beyond the Project Completion Date.

The Board has been exploring various ways to obtain financing for the Project, including for the completion of the construction of the other components of the Project and to fulfil CCPSB's obligations under the JVAs. The Proposed Variation is therefore carried out to facilitate the request of CCPSB to transfer the Said Land to CCPSB in order for it to raise financing to achieve the said objectives.

In consideration of APSB's agreement to transfer the Said Land to CCPSB to be used as security for the credit facilities, the Parties agreed, *inter alia*, to revise APSB's Entitlement Sum (defined below) to RM250 million (the "**Revised Entitlement Sum**"). This crystallises the amount due and owing from CCPSB to APSB under the JVAs, being approximately RM100.21 million (the "**Outstanding Entitlement Sum**"). The Parties have agreed to settle the Outstanding Entitlement Sum in kind through the contra of 408 completed units in the Retail Podium (the "**Identified Retail Units**"). The Identified Retail Units shall not include any units on the ground floor of the Retail podium (the "**Ground Floor Retained Units**").

The Proposed Variation, and the entry into the Settlement Agreement and the Put and Call Option agreements will allow CCPSB to achieve the foregoing objectives. Notably, the transfer of the Said Land to CCPSB will allow CCPSB to charge the Said Land as security for credit facilities to be obtained. Moreover, the payment of the Outstanding Entitlement Sum to APSB will alleviate CCPSB's and the Group's existing outstanding liabilities.

Further, the settlement of the Outstanding Entitlement Sum *via* the *contra* of the Identified Retail Units will lift all the moratorium shares held by the shareholders of the Company (as described at paragraph 3 below). This will further aid and facilitate CCPSB and the Group in raising additional funding both for the Project and for other purposes, should any end-financiers require the pledge of such shares for additional funding.

For the foregoing reasons, the Board is of the view that the entry into the Settlement Agreement is in the best interests of the Company and the Group.

3. THE SETTLEMENT AGREEMENT

Under the JVAs, CCPSB had agreed to pay APSB a total value equivalent to 16.7% of the final gross development value of the Capital City Project, and up to a maximum of RM323,999,999 only as APSB's entitlement from the Project ("**APSB Entitlement Sum**"). To date, CCPSB has paid APSB a sum of approximately RM149.79 million ("**APSB Entitlement Paid Sum**") towards the settlement of the APSB Entitlement Sum.

As a result of the Proposed Variation, the Outstanding Entitlement Sum will be settled in full on the terms set out in the Settlement Agreement, and the Put and Call Option Agreements.

A comparison of the key revised terms contained in the JVAs and the terms set out in the Settlement Agreement and the Put and Call Option Agreements are summarised below.

No.	Key terms	As set out in the JVAs	As amended through the Agreements
1.	APSB Entitlement Sum	CCPSB shall pay to APSB a total value equivalent to 16.7% of the final GDV of the Project and up to a maximum sum of RM323,999,999 only which includes the market value of the Said Land ⁽¹⁾ as APSB's entitlement from the Project. <i>For information purposes, based on the estimated GDV of the Project of RM1.80 billion (as mentioned in the Circular), the estimated APSB</i>	The APSB Entitlement Sum will be adjusted from a maximum of RM323,999,999 to a fixed sum of RM250,000,000 . However, the Call Option and Put Option (each an " Option " or collectively, the " Options ") will enable APSB to realise a total of RM312,000,000 in cash at the end of the Option Period.

No.	Key terms	As set out in the JVAs	As amended through the Agreements
		<p><i>Entitlement Sum would be RM300.60 million. As such, the maximum sum of RM323,999,999 represents a premium of 7.8% over the aforesaid estimated APSB Entitlement Sum.</i></p>	
2.	Mode of payment	<p>The APSB Entitlement Sum shall be paid in the following manner:</p> <p>(i) RM2.00 million upon execution of the Joint Venture Agreement; and</p> <p>(ii) the balance consideration ("Balance Consideration") shall be paid in either of the manner below:</p> <p>(a) APSB shall have the option to elect up to 20% of the Balance Consideration in kind via contra of units within the Project ("APSB Entitlement Units") and the balance thereof to be paid by CCPSB in cash; or</p> <p>(b) APSB shall be paid in cash for the full Balance Consideration.</p> <p>If APSB shall elect to receive the Balance Consideration in the manner as set out in paragraph (ii)(a) above, APSB shall have the right to preselect the APSB Entitlement Units before CCPSB launches the sales of any of the units of the Project. The number of APSB Entitlement Units to be delivered by CCPSB to APSB towards settlement of up to 20% of the Balance Consideration shall be determined based on the net selling price of the units listed in the master price list of CCPSB subject a further discount of 5%.</p> <p>In terms of the timing of payment towards the Balance Consideration or net Balance Consideration (i.e. Balance Consideration less the APSB Entitlement Units, to be paid by CCPSB to APSB in cash) (as the case may be), immediately after the first 10% of the progressive claims of the selling price of each unit as reflected in the sale and purchase agreement ("SPA") to be entered into with the end purchaser for the purchase of unit(s) within the Project, CCPSB shall pay APSB 30% of every subsequent progressive amount claimed on work done pursuant to the schedule of payments referred to in the said SPA and in the manner as set out in the</p>	<p>In consideration of APSB's agreement to transfer the Said Land to CCPSB to be used as security for the credit facilities, the Parties agree to settle the Outstanding Entitlement Sum via the contra of the Identified Retail Units.</p> <p>The final contra value of the Identified Retail Units will be adjusted to reflect the Outstanding Entitlement Sum less the agreed cash payment by CCPSB to APSB that will be disbursed directly to APSB upon the first drawdown of the loan to be obtained by CCPSB from the end-financier ("Covenanted Sum").</p> <p>APSB will then choose such number of Identified Retail Units with a total value corresponding to the Covenanted Sum to be released and returned to CCPSB.</p> <p>Pursuant to the Settlement Agreement, the Parties have agreed that 408 Identified Retail Units with a total built-up area of approximately 196,166 square feet will be used to contra the Outstanding Entitlement Sum. However, APSB is allowed to substitute any of the Identified Retail Units in the manner as set out in paragraph 3.2 of this Announcement. Further, as the Outstanding Entitlement Sum will eventually be adjusted to deduct the Covenanted Sum and as such, the actual number of the Identified Retail Units cannot be fixed at this juncture and is still subject to change.</p> <p>It is also agreed that prior to the settlement of the Outstanding Entitlement Sum via the execution of the SPAs for the Identified Retail Units ("Settlement of the Revised Entitlement Sum"), CCPSB will continue paying APSB 30% of every subsequent progressive amount claimed on work done pursuant to the schedule of payments referred to in the SPA entered/to be entered into with the end purchasers for the purchase of the units within the Project (the "Progressive Payments"). However, APSB agrees to pay two-third (2/3) of the Progressive Payments to CCPSB subject to the occurrence of certain events as set out in paragraph 3.2 of this Announcement.</p> <p>APSB will continue to collect the balance of one-third (1/3) of the Progressive Payments] from CCPSB until the Settlement of the Revised Entitlement Sum ("Balance 1/3 Sum") and the Balance 1/3 Sum will</p>

No.	Key terms	As set out in the JVAs	As amended through the Agreements
		Joint Venture Agreement (“ Mode of Payment ”).	eventually be deducted from the purchase price under the Option Agreements.
3.	Encumbrance/ transfer of the Said Land	No Party shall create any charge or encumbrances over the Said Land.	APSB agrees to transfer the legal and beneficial ownership of the Said Land to CCPSB in exchange for the settlement of the Outstanding Entitlement Sum in the manner as set out in the Settlement Agreement.
4.	Moratorium shares	All the ordinary shares held by the previous shareholders of CCPSB, namely Siow Chien Fu, Tan June Teng Colin @ Che JunTing and Tan Ping Huang Edwin @ Chen BingHuang in the Company are subject to moratorium. The foregoing shareholders are not allowed to sell, transfer or assign or create any encumbrances over any of their shares held in CWL from the completion date of the Acquisition of CCPSB by CWL (as defined in note (2) below) (“ Completion Date ”) until the full settlement of the APSB Entitlement Sum or until the expiry of a period of three (3) years commencing from the Completion Date, whichever is earlier (“ Moratorium ”).	APSB agrees to uplift the Moratorium and CCPSB shall be responsible to effect the said upliftment at its own cost and expense, subject to the terms and conditions of the Settlement Agreement.
5.	Other major terms and conditions	<p>(ii) A management committee shall be established by the Parties for the purposes of coordinating and monitoring the development of the Project.</p> <p>(iii) Involvement of an independent quantity surveyor arranged by APSB.</p>	<p>(i) This shall cease upon the occurrence of the Requisite Events (as defined in paragraph 3.2 of this Announcement).</p> <p>(ii) This shall cease upon the following conditions being fulfilled:</p> <p>(a) the receipt by APSB of a letter from CCPSB undertakes that the final contract sum for the construction of the Revised Hotel Suites Tower Block and Serviced Suites Tower Block shall not exceed RM209,918,368.33; and</p> <p>(b) CCPSB shall notify APSB within seven (7) days of any contract(s) awarded to any sub-contractor(s) and/or nominated sub-contractor(s) for the construction of the Revised Hotel Suites Tower Block and Serviced Suites Tower Block.</p>

Notes:

- (1) For information purposes, the market value of the Said Land as set out in the Joint Venture Agreement was RM57.50 million. The valuation of the Said Land was performed on 12 December 2013 by Asettz Sdn Bhd (“**Valuer**”), an independent valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, using the comparison method. The valuation was based on the existing state of the Said Land then as a vacant commercial land without the recognition of the potential for higher density development. The Valuer had subsequently revised the market value of the Said Land as at 12 December 2013 to RM70.60 million after taking into consideration the potential for higher density development based on the conditional planning permission issued by Majlis Bandaraya Johor Bahru vide both its letters dated 19 November 2013 with Reference No. MJB/J/2013/63/KBM/PS/108 () ID PERMOHONAN: 100964-1 and Reference No. MJB/J/2013/63/KBM/PS/109 () ID PERMOHONAN: 100965-1 for the purpose of the development of the Project. The revision of the market value of the Said Land did not change the value of the AP SB Entitlement Sum.
- (2) In 2017, the previous shareholders of CCPSB (the “**Previous Shareholders**”) had disposed CCPSB to CWL (formerly known as Terratech Group Limited) in exchange for new shares in the Company (“**CWL Shares**”) (“**Acquisition of CCPSB by CWL**”). As a result of the Acquisition of CCPSB by CWL, the Parties had on 13 March 2017, entered into a supplemental agreement to, among others, subject the CWL Shares held by the Previous Shareholders of CCPSB to the Moratorium.

On 31 October 2017 and 7 February 2018, the Parties entered into supplemental agreements to allow the Previous Shareholders to conditionally uplift part of the CWL Shares held by them from the Moratorium, such that CCPSB/CWL can pledge the same for the purposes of raising financing for the CWL group of companies (including CCPSB).

The key terms of the Settlement Agreement are set out below.

3.1. Conditions Precedent

The Settlement Agreement is conditional upon the following conditions being fulfilled within six (6) months (the “**Conditional Period**”) from the date of the Settlement Agreement or such other date as shall be mutually agreed upon:-

- (a) CCPSB obtaining a grant of credit facilities from a reputable financial institution for a loan sum of not less than RM50 million (the “**Loan**”), and which part of the Loan granted shall be directly disbursed to AP SB on the first drawdown (the “**Covenanted Sum**”) as follows:-
- (i) For a Loan amount equal to or less than RM100 million, the Covenanted Sum shall be RM20 million;
 - (ii) For a Loan amount of more than RM100 million but equal to or less than RM150 million, the Covenanted Sum shall be RM30 million; and
 - (iii) For a Loan amount of more than RM150 million, the Covenanted Sum shall be RM35 million;
- (b) the approval of the shareholders of the Company to enter into the to the Proposed Variation; and
- (c) AP SB obtaining the approval of the shareholders of its holding company, Gadang Holdings Berhad, a company listed on the main market of Bursa Malaysia Securities Berhad to enter into the Settlement Agreement.

If any of the Conditions Precedent above is not fulfilled within the Conditional Period, the Settlement Agreement shall automatically lapse and be null and void.

Once all Conditions Precedent are fulfilled and the Settlement Agreement completed, AP SB shall surrender the Said Land to CCPSB as set out in paragraph of 3.5 of this Announcement.

3.2. Payment of the Outstanding Entitlement Sum via Contra of Retail Units

APSB has agreed to receive from CCPSB the Outstanding Entitlement Sum in kind via the contra of 408 completed retail units in the Retail Podium not already sold to individual purchasers (the "Identified Retail Units"). The total built-up area of the Identified Retail Units is 196,166 square feet.

CCPSB has agreed to transfer to APSB, free from any encumbrances and with vacant possession, the beneficial ownership of such Identified Retail Units. Identified Retail Units equivalent to the value of the Covenanted Sum shall be returned to CCPSB on the payment of the Covenanted Sum by CCPSB to APSB. The value of each of the Identified Retail Units will be returned at the same value as when it was transferred to APSB.

The purchase price stated in each of the SPA for the Identified Retail Units to be entered between APSB (or its nominee) and CCPSB shall be deemed settled and paid upon execution of the said SPAs, and the beneficial ownership of the Identified Retail Units shall be transferred thereafter to APSB. CCPSB shall also obtain the relevant letters of disclaimer from the Financier disclaiming the interest of APSB (or its nominee) in the Identified Retail Units in the event the Said Land has been charged to the Financier.

APSB shall, at any time before the transfer of the Said Land from APSB to CCPSB, be at liberty to choose, in substitution thereof, any other unit(s) (excluding the Ground Floor Retained Units) that shall become available for sale due to but not limited to non-payment of the purchase price or any part thereof by any third party purchaser of the said unit. In addition, at any time when CCPSB offers to sell or shall sell any of the Ground Floor Retained Units to any party, APSB shall be at liberty to choose, in substitution thereof, any of such units with any of the Identified Retail Units held.

APSB shall be entitled to sell, transfer, lease, rent or in any way deal with the Identified Retail Units in any manner as it shall determine as absolute beneficial owner. Nevertheless, CCPSB shall be granted a right of first refusal on the sale of any Identified Retail Units by APSB to any third-party purchaser.

The aggregate value of the Identified Retail Units of RM100.21 million was arrived based on a willing-buyer-willing-seller basis after taking into consideration of the following:

- (a) Current transacted price of each of the units within the Retail Podium (which has taken into consideration the size, location and frontage of the respective units); and
- (b) Additional discounts and rebates of approximately 40% of the aggregate value of the Identified Retail Units given to APSB to compensate APSB for the following:
 - (i) Holding cost and opportunity cost as it will take time for APSB to realise the value of the Identified Retail Units. This is because (i) the Identified Retail Units are unsold units with large floor area and are located at less strategic locations within the Retail Podium; and (ii) approximately 76.23% of the Identified Retail Units are Bumiputera units and hence, any disposal to third-party non-Bumiputera purchasers will require the consent from the state government for the release of such units to the said purchasers. Such approvals will necessarily take time.
 - (ii) CCPSB has elected to pay the Outstanding Sum by set-off against the value of the Identified Retail Units, instead of in cash. This deprives APSB of the immediate benefits of interest savings it would otherwise be entitled to should it have used the cash to repay the bank borrowings of its Group. This has the added advantage of clearing the CCPSB's outstanding liabilities to APSB.
 - (iii) CCPSB continues to benefit from the rent collected from tenants and lessees of the Identified Retail Units during the Holding Period (as defined below).

- (iv) In addition to the foregoing, CCPSB and APSB have further agreed to enter into Call and Put Option agreements, the details of which are set out below.

In addition, APSB agrees to pay two-third (2/3) of the Progress Payments to CCPSB until the Settlement of the Revised Entitlement Sum, subject to all the following having occurred:

- (i) execution of the Agreements;
- (ii) execution of all the SPAs of the Identified Retail Units;
- (iii) APSB receiving a duly executed letter of guarantee by CWL, to guarantee the repayment of the Option Purchase Price in the event the exercise of the Put Option or Call Option is exercised ("**Letter of Guarantee**"); and
- (iv) APSB receiving a duly executed letter of undertaking from the Previous Shareholders that prior to the release of the original issue document of title of the Said Land to the appointed solicitors of the Financier for the sole purpose of transferring the Said Land and the creation of a charge in favour of the Financier of the Said Land ("**Release of the Land Title**");
 - (a) they will promptly notify APSB in writing should there be any change in their shareholdings in CWL or should they intend to further encumber their shares in CWL collectively by not more than 30%; or
 - (b) they will not vary their collective shareholdings in CWL or to further encumber their shares in CWL collectively by more than 30% unless with the written approval of APSB,(collectively referred to as the "**Requisite Events**").

APSB will continue to collect the Balance 1/3 Sum from CCPSB until the settlement of the Revised Entitlement Sum. However, such sum will eventually be deducted from the Option Purchase Price.

3.3. Call Option and Put Option

As mentioned at paragraph 3 above, there is a disparity between the expected APSB Entitlement Sum (which was expected to be around RM300.60 million, with a maximum sum of RM323,999,999 million) at the time the Joint Venture Agreement was entered into, and the Revised Entitlement Sum.

CCPSB and APSB have therefore agreed to enter into Call and Put Option agreements which would enable APSB to realise an additional RM62 million in cash from the disposal of the Identified Retail Units, therefore bringing APSB's total entitlement to RM312 million upon the exercise of either the Put Option or the Call Option (as the case may be).

The salient terms of the Put and Call Options are as follows:

Option Period

The Option Period is the earliest of:

- (a) The period commencing from the expiry of 36 months from the date of the Call Option and Put Option agreements, and ending on the expiry of 39 months from the same date; or
- (b) The date that CCPSB achieves the following:

- (i) sale of the Ground Floor Retained Units which amounts to more than RM150.00 million (in aggregate) to any party/(ies); or
 - (ii) sale of the Ground Floor Retained Units and/or the units of the Revised Hotel Suites Tower Block and/or the Serviced Apartments Tower Blocks which amounts to more than RM200.00 million (in aggregate) to any party/(ies); or
- (c) The period commencing immediately upon APSB receiving notice that (i) the Shareholders (as defined below) collectively hold less than 33.33% of the shares in the Company; or (ii) the Company holds less than 50% of the shares of CCPSB, and expiring 3 months thereafter.

Terms

During the Option Period:

Call Option

- (a) CCPSB shall have the right to exercise a call option (the “**Call Option**”) to require APSB to sell to CCPSB all the remaining Identified Retail Units together at one time at the purchase price (the “**Option Purchase Price**”) calculated as follows:

RM312 million – (A + B + C + D)

A is the APSB's Entitlement Paid Sum.

B is the Covenanted Sum.

C is the proceeds from the sale of the Identified Retail Units.

D is the Balance 1/3 Sum.

- (b) Provided that CCPSB does not breach any of the provisions under the Settlement Agreement, CCPSB shall be entitled to exercise the Call Option at any time and from time to time by serving a written notice on APSB within the Option Period. The Parties agree that upon any breach by CCPSB of any of the provisions of the Settlement Agreement, the Call Option shall immediately be rescinded and deemed null and void.

Upon the exercise of the Call Option by CCPSB, the Parties shall complete the sale and purchase of the Remaining Units within 90 days after the date of exercise of the Call Option (the “**Call Option Completion Period**”).

Put Option

- (c) APSB shall have the right to exercise a put option (the “**Put Option**”) to require CCPSB to purchase from APSB all the remaining Identified Retail Units together at one time at the Option Purchase Price. Provided that APSB does not breach any of the provisions under the Settlement Agreement, APSB shall be entitled to exercise the Put Option at any time and from time to time by serving a written notice on CCPSB within the Option Period. The Parties agree that upon any breach by APSB of any of the provisions of the Settlement Agreement, the Put Option shall immediately be rescinded and deemed null and void.

Upon the exercise of the Put Option by APSB, the Parties shall complete the sale and purchase of the Remaining Units within 90 days after the date of exercise of the Put Option (“**Put Option Completion Period**”).

The performance and payment of the purchase price by CCPSB in the event of the exercise of the Call Option or the Put Option shall be guaranteed by the Company.

Completion of the sale and purchase of the Remaining Units

Completion of the sale and purchase of the Remaining Units shall take place on or before the last day of the Put Option Completion Period or the Call Option Completion Period, as the case may be, in the following manner:

- (a) CCPSB shall pay to AP SB's solicitors as stakeholders the Option Purchase Price for the Remaining Units;
- (b) AP SB's solicitors shall use the Option Purchase Price or any part thereof to redeem any or all the Remaining Units that may be encumbered and/or assigned to any financial institution or any third party as security for credit facilities granted to AP SB;
- (c) simultaneously upon payment of the Option Purchase Price by CCPSB, AP SB shall deliver to AP SB's solicitors such relevant documents and forms to transfer the beneficial ownership of the Remaining Units to CCPSB at CCPSB's sole cost and expense. If CCPSB elects to have the individual SPAs revoked instead of effecting the transfer of the beneficial ownership for the Remaining Units, AP SB shall execute the relevant deeds of revocation for the same; and
- (d) upon the execution by AP SB of the documents and forms in accordance with paragraph (c) above and where all or any of the Remaining Units are encumbered and/or assigned to any financial institution or third parties, upon the completion of the redemption of the said Remaining Units from the same and the delivery of all requisite documents incumbent on AP SB to CCPSB to effect the change in ownership to CCPSB, AP SB's solicitors shall be authorised to release the Option Purchase Price (less any sum paid towards redemption of any or all of the Remaining Units) to AP SB.

3.4. Shareholders' Undertakings

In consideration of AP SB entering into the Settlement Agreement, the current major shareholders of the Company, Mr. Siow Chien Fu, Dato' Tan June Teng Colin @ Chen Junting ("**Dato' Colin Tan**") and Dato' Tan Ping Huang Edwin @ Chen Binghuang ("**Dato' Edwin Tan**") (collectively, the "**Shareholders**"), have covenanted, for the period up to the release by AP SB of the original issue document of title of the Said Land (in accordance with the terms set out at paragraph 3.5 below) *inter alia* to:-

- (a) save for the proposed issue and allotment of up to 94 million new shares in the Company relating to the investment by PRG Holdings Bhd comprising of i) 44 million Option shares to PRG and ii) 50 million Option shares to One World Corporation Limited (the Referrer) and the proposed issue and allotment of 39,024,390 new shares to the Arranger pursuant to the Convertible Bonds Subscription Agreement entered between the Company and Dato Chong Thim Peng to notify AP SB promptly in writing of any further change in their shareholding in the Company, the aggregate being less than 30% of the shares in the Company ("**Shares**") held by the Shareholders collectively, or any further encumbrance of the Shares held by the Shareholders, the aggregate being less than 30% of the Shares held by the Shareholders collectively; and
- (b) seek the prior written approval of AP SB in the event of a desire to vary the number of Shares held by the Shareholders collectively beyond 30%, or to further encumber more than 30% of the Shares held by the Shareholders collectively, which approval shall not be unreasonably withheld.

"Previous Shareholders" and "Shareholders" refer to the same persons in this Announcement.

3.5. Surrender of the Said Land

APSB shall only release the original issue document of title of the Said Land to the appointed solicitors of the Financier for the sole purpose of transferring the Said Land to CCPSB and the creation of a charge in favour of the Financier on the Said Land, subject always to the following:

- (i) the Conditions Precedent being fulfilled;
- (ii) execution of all the SPAs of the Identified Retail Units by the Parties;
- (iii) APSB receiving a letter of undertaking from the Financier to pay the Covenanted Sum to APSB upon first drawdown of the loan granted to CCPSB;
- (iv) APSB receiving a letter of disclaimer from the Financier confirming that there is no redemption sum payable for the Identified Retail Units and that the Financier has no claim and/or interest in the Identified Retail Units and that they will exclude the Identified Retail Units from any foreclosure proceedings pursuant to the Financier's charge of the Said Land;
- (v) APSB receiving evidence that the relevant letters of disclaimer have been issued by the Financier to all the respective end purchasers for the units already sold under the Revised Project confirming that there is no redemption sum payable for all the said units sold and that the Financier has no claim and/or interest in all the said units sold and that they will exclude all the said units sold from any foreclosure proceedings pursuant to the Financier's charge of the Said Land;
- (vi) APSB receiving a copy each of the notices from CCPSB to all the end purchasers and end financiers of all the units sold within the Retail Podium and for which the respective SPAs have been executed notifying such end purchasers and end financiers of the intention of the Parties to transfer the Said Land to CCPSB and that APSB's obligation to apply and obtain the strata title for the respective units and the transfer of the strata title thereof shall cease and that the said obligation shall then be undertaken solely by CCPSB and to notify these end purchasers and request these end financiers to release APSB of any other obligation or undertakings given by APSB to them in the capacity of the proprietor of the Said Land;
- (vii) execution of the Agreements together with all other related documents pursuant thereto, making of filings, announcements and notices and obtaining all approvals from all relevant parties;
- (viii) APSB receiving the Letter of Guarantee; and
- (ix) no event of default by CCPSB should have occurred.

3.6. Consequential Provisions

Following the execution of (i) the Settlement Agreement, (ii) the Call Option and Put Option Agreements, (iii) the sale and purchase agreements for the Identified Retail Units, (iv) the respective guarantees by the Company, and (v) the provision by the Shareholders of the necessary undertakings as described above:

- (a) APSB agrees to release the Shareholders from the Achwell Moratorium (as defined in the Company's Circular dated 29 March 2017);
- (b) APSB and CCPSB agree to the cessation of the Management Committee, as originally required to be constituted under the JVs;

- (c) the conditional cessation of the involvement of quantity surveyors arranged by APSB;
- (d) APSB agrees to pay CCPSB two-thirds of the Progress Payments, with the balance one-third to be retained by APSB. Such balance sum shall be aggregated and shall be relevant in the calculation of the purchase price stated to be payable under the Put Option and Call Option agreements.

3.7. Other covenants, terms, undertakings and provisions

CCPSB also agrees, covenants and undertakes the following:

- (i) to apply and obtain, at its own cost and expense, the strata titles for all the units within the Retail Podium and shall obtain and transfer the strata titles of the Identified Retail Units and all other sold units free from all encumbrances in due course and shall keep APSB fully indemnified if CCPSB fails to do so;
- (ii) to pay, on behalf of APSB, the maintenance/service charges and sinking fund contribution, all rates, utility charges, assessments, quit rent and insurance premiums, utility deposits, contributions towards any advertising fund to the relevant parties or relevant authorities for the Identified Retail Units ("**Maintenance Payments**") up to the expiration of the Parties' respective options under the respective Option Agreements ("**Holding Period**"). For the avoidance of doubt, CCPSB's undertaking to pay the Maintenance Payments shall cease to apply to the Identified Retail Units validly sold to third party purchasers; and
- (iii) prior to the Release of the Land Title, to:
 - (a) promptly notify APSB in writing should there be any change in the shareholding of the Previous Shareholders of CCPSB in CWL or should the Previous Shareholders of CCPSB further encumber their shares in CWL collectively by not more than 30%; or
 - (b) seek the written approval from APSB should there be any desire to vary the respective number of shares held by the Previous Shareholders of CCPSB in CWL or to further encumber their shares in CWL collectively by more than 30%

3.8. Tenancy/Lease of the Identified Retail Units

In the event any of the Identified Retail Units have been tenanted and/or leased to third parties, the Parties agree that:

- (i) if such Identified Retail Unit remains unsold during the Holding Period, such rent collected from the tenant or lessee during this period shall be for the benefit of CCPSB; and
- (ii) if such Identified Retail Unit is sold to third party purchaser within the Holding Period, the rent payable by the tenant or lessee shall be assigned and be for the benefit of the purchaser of such unit upon completion of the respective SPA.

For information purposes, in view of the large number of Identified Retail Units used as settlement of the Final Outstanding Sum that APSB has required CCPSB to maintain and the Maintenance Payments to be borne by CCPSB, APSB agrees that the rent collected from the tenant or lessee for the Identified Retail Units during the Holding Period shall be for the benefit of CCPSB.

3.9. Sale of the Identified Retail Units

In the event any third party desires to purchase any of the Identified Retail Units ("**Third Party Intended Purchaser**") at a purchase price mutually negotiated by APSB and the Third Party Intended Purchaser ("**Offer Price**"), APSB shall first give notice to CCPSB for the first right of refusal to purchase the said unit at the Offer Price ("**First Notice**").

- (i) If CCPSB wishes to purchase the said unit, CCPSB shall give notice of the same within three (3) working days from the date of the First Notice (“**Acceptance Notice**”) and shall do the following:
 - (a) pay to APSB a forfeitable earnest deposit of a sum equivalent to 2% of the Offer Price simultaneously with the issuance of the Acceptance Notice;
 - (b) pay to APSB a sum equivalent to 8% of the Offer Price upon execution of a deed of revocation or SPA (as the case may be) for the same or within 30 days of the Acceptance Notice, whichever is earlier (“**Deposit Payment Date**”); and
 - (c) pay to APSB the balance 90% of the Offer Price within three (3) months from the Deposit Payment Date with an automatic extension of one (1) month to pay the same, subject to CCPSB paying an interest at 8% per annum.
- (ii) If CCPSB fails to accept or respond to the First Notice within three (3) working days from the date of the First Notice, APSB shall be at liberty to sell the said unit at a price not below the Offer Price to the Third Party Intended Purchaser or to any other interested party.

3.10. Securitisation of the Identified Retail Units

In the event APSB shall at any time after the execution of the SPA for the Identified Retail Units with CCPSB, desire to raise financing from any financial institution(s) or third party/(ies) using any or all of the Identified Retail Units as security, APSB shall be allowed to do so subject to the following:

- (i) within the first 12 months from the date of the Settlement Agreement, APSB shall only be allowed to use such number of Identified Retail Units as required as security to secure a maximum credit facility of RM25.00 million only (in aggregate).
- (ii) after the expiry of 12 months from the date of the Settlement Agreement, APSB shall be allowed to use any or all of the Identified Retail Units for the said purpose as APSB shall deem fit without any restriction.

3.11. Events and consequences of default

By CCPSB

In the event:

- (a) CCPSB defaults on any provisions of the JVAs and/or the Settlement Agreement;
- (b) CCPSB fails to pay the Option Purchase Price for the Remaining Units under the Option (if exercised) in accordance with the relevant Option Agreements;
- (c) CWL fails to pay the Option Purchase Price for the Remaining Units pursuant to the Letter of Guarantee if CCPSB fails to pay the Option Purchase Price as per paragraph (b) above;
- (d) an event of insolvency occurs on the part of CCPSB and/or CWL; or
- (e) a change of the Previous Shareholders of CCPSB and/or their shareholdings in CWL has occurred without the prior written consent or approval of APSB, as the case may be, in accordance with the terms and conditions of the Settlement Agreement,

then APSB shall be at liberty to avail itself to the following remedies:

- (aa) to claim for specific performance of the Settlement Agreement at the sole cost and expense of CCPSB;
- (bb) to terminate the Settlement Agreement whereby it is agreed that APSB shall continue to assume absolute beneficial and legal ownership over the Remaining Units free from encumbrances and any claims from CCPSB or any third parties but without prejudice to APSB's right to claim against CWL under the Letter of Guarantee; and/or
- (cc) to terminate the Settlement Agreement whereby it is agreed that APSB's rights and remedies under the JVAs shall immediately be restored and shall subsist, and APSB shall be at liberty to pursue all or any of the remedies contained therein against CCPSB or any other party and for damages for all loss suffered therein.

By APSB

In the event:

- (a) APSB defaults on any provisions of the Settlement Agreement;
- (b) APSB refuses or fails to complete the sale of the Remaining Units to CCPSB in accordance with the relevant Option Agreements; or
- (c) an event of insolvency occurs on the part of APSB,

then CCPSB shall be entitled to the following remedies:

- (aa) to claim for specific performance of the Settlement Agreement at the sole cost and expense of APSB; or
- (bb) to terminate the Settlement Agreement and claim damages.

4. APPROVALS REQUIRED

The entry into the Settlement Agreement is subject to and conditional upon the following approvals being obtained:

- (i) shareholders of the Company at an EGM to be convened; and
- (ii) any other relevant authorities and parties, if required.

The Company will make further announcement(s) and despatch a circular to shareholders in due course in relation to the convening of the EGM as and when appropriate.

5. FINANCIAL EFFECTS

The financial effects of the Proposed Variation set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Company or its subsidiaries.

Based on the latest audited financial statements of the Group for the financial year ended 30 June 2018, and on the assumption that the Identified Retail Units contra value of RM100.21 million are considered as valid sales with the land cost valued at RM312 million, the effect on the Group's net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") will be as follows:

5.1. Net Tangible Assets per Share

Assuming that the proposed transactions were completed on 30 June 2018, the effects of the Group's NTA per share would be as follows:

	Before the Proposed Variation	After the Proposed Variation
NTA (RM'000)	206,212	222,246
Number of Shares	1,302,460,408	1,302,460,408
NTA per Share (RM cents)	15.83	17.06

5.2. Earnings per Share

Assuming that the proposed transactions were completed on 1 July 2017, the effects of the Group's EPS would be as follows:

	Before the Proposed Variation	After the Proposed Variation
Profit after tax attributable to Shareholders (RM'000)	58,598	61,718
Weighted average number of Shares in issue	1,273,459,406	1,273,459,406
EPS (RM Cents)	4.60	4.85

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the uplift of the Moratorium on the Shareholders none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Variation other than through their respective shareholdings in the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Variation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. TRADING CAUTION

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the business office of the Company at 390 Havelock Road, #04-06, King's Centre, Singapore 169662 during normal business hours on any weekday (public holidays excepted) from 1 April 2019 until such further time as may be notified to the Shareholders by the Company:

- (a) the JVAs; and
- (b) the Agreements.

By Order of the Board
CAPITAL WORLD LIMITED

Siow Chien Fu
Executive Director and Chief Executive Officer
1 April 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Tan Pei Woon, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: sponsorship@ppcf.com.sg).